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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION

- and -

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

- ☐ Affects PG&E Corporation
- ☐ Affects Pacific Gas and Electric Company
- ☒ Affects both Debtors

** All papers shall be filed in the Lead Case,
No. 19-30088 (DM).*

Case No. 19-30088 (DM)

Chapter 11

(Lead Case)

(Jointly Administered)

**STATEMENT OF THE OFFICIAL
COMMITTEE OF UNSECURED
CREDITORS IN SUPPORT OF THE JOINT
MOTION OF THE OFFICIAL
COMMITTEE OF TORT CLAIMANTS AND
AD HOC COMMITTEE OF SENIOR
UNSECURED NOTEHOLDERS TO
TERMINATE THE DEBTORS' EXCLUSIVE
PERIODS**

Date: October 7, 2019
Time: 1:30 p.m. (Pacific Time)
Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
450 Golden Gate Avenue
San Francisco, CA 94102

Re: Docket No. 3940

1 The Official Committee of Unsecured Creditors (the “Official Committee”) respectfully
2 submits this statement (this “Statement”) in support of the *Joint Motion to Terminate the Debtors’*
3 *Exclusive Periods Pursuant to Section 1121(d) of the Bankruptcy Code* (the “Motion”) [Docket
4 No. 3940], filed jointly by the Official Committee of Tort Claimants (the “TCC”) and the Ad Hoc
5 Committee of Senior Unsecured Noteholders (the “Ad Hoc Group” and, together with the TCC,
6 the “Movants”).¹

8 STATEMENT

9 1. As the Court is aware, in recent weeks there have been several noteworthy
10 developments in these cases. Driven by the June 30, 2020 bankruptcy resolution deadline
11 established by A.B. 1054 but also fueled by competition between potential plan proponents, parties
12 have put forward two materially more developed plan proposals, each based on significant
13 proposed settlements of wildfire-related claims. The Official Committee believes that the
14 competitive forces that have created the current positive momentum are vital for a successful
15 outcome in these cases. These developments reflect considerable progress, but further work
16 remains to be done on all fronts. For this reason, the Official Committee agrees with the Movants
17 that exclusivity should be terminated to allow those parties to continue to push forward with their
18 plan proposal (the “AHG/TCC Plan”).

19 2. The AHG/TCC Plan represents a significant step forward in these cases—for the
20 first time, a plan is being proposed that pays all unsecured claims, including wildfire claims, in
21 full, is supported by the TCC, a fiduciary for all wildfire claimants, and is backed by evidence of
22 substantial committed financing. Moreover, the AHG/TCC Plan does not require, and is not
23 conditioned on, a lengthy and uncertain estimation process and a state court trial with respect to
24 the Tubbs Fire that will cost tens of millions of dollars. By agreeing to a \$25.5 billion cap on
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¹ Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Motion.

1 wildfire claims, the TCC has accepted what the parties believe is the maximum amount that can
2 be paid by the Debtors' estates, while still ensuring that these estates remain solvent. And it is
3 important to note that embedded in this cap is a separate trust for the holders of subrogation claims
4 in the amount of \$11 billion dollars, the precise amount in which the Debtors propose to settle with
5 these claimants. While the Official Committee sees much to commend in the AHG/TCC Plan, it
6 nonetheless remains under review, and the Official Committee's consideration of the AHG/TCC
7 Plan itself remains subject to ongoing due diligence. Accordingly, while the Official Committee
8 fully supports termination of exclusivity to permit the AHG/TCC Plan to move forward, the
9 Official Committee does not yet endorse the AHG/TCC Plan at this time.

11 3. From the perspective of all unsecured creditors, the Debtors' Plan stands in
12 relatively stark contrast to the AHG/TCC Plan. In its October rulings on exclusivity, lifting of the
13 automatic stay with respect to the Tubbs Fire trial and setting in motion the process going forward
14 for estimation, the Court made crystal clear its view that resolution of the wildfire claims and
15 payment of the individual victims is the Court's paramount objective in these cases. The Ad Hoc
16 Group and the TCC took that guidance to heart, got in a room and reached a fair and reasonable
17 agreement that stands to benefit all creditors. The Debtors, on the other hand, chose instead to
18 focus their efforts on a bilateral settlement with a single group of institutional creditors.

20 4. Rather than providing a clear and smooth pathway to full creditor recoveries, the
21 Debtors' Plan is instead intent on preserving value for the prepetition equity holders and "rolls the
22 dice" on the solvency issue by requiring that the estimation process and the Tubbs Fire trial
23 proceed, thereby subjecting the estates' unsecured creditors to the possibility that the resulting
24 claims will exceed the \$8.4 billion cap embedded in the Debtors' Plan.² As a creditor fiduciary,

27 ² In its efforts to protect existing equity holders, the Debtors' Plan also makes inevitable litigation with
28 creditors over issues of creditor entitlement to postpetition interest at the contract rate and payment on
account of make-whole provisions. The AHG/TCC Plan, in contrast, would honor those contractual
entitlements and resolve these issues in the creditors' favor.

1 the Official Committee does not believe unsecured creditor recoveries should be exclusively tied
2 to such a plan. To the contrary, the Official Committee submits that a competitive process between
3 the Debtors' Plan and the AHG/TCC Plan is beneficial to all parties, except perhaps old equity
4 itself.

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6 5. Accordingly, the Official Committee believes that exclusivity should be terminated
7 to allow the AHG/TCC Plan to move forward in parallel with the Debtors' Plan, in the belief that
8 the competition may result in the Debtors becoming more transparent and cooperative, and will
9 continue to generate improvements in both plans that serve to increase the likelihood of a
10 successful outcome in these cases.³

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12 6. Finally, the Official Committee also believes that allowing the competing plans to
13 go forward (at the same time and on terms to be determined by the Court) will also provide the
14 best opportunity for a global resolution by the parties themselves or through a mediator. Having
15 both plans filed will also permit the CPUC to begin its review process with respect to each plan,
16 thus avoiding a rush should the AHG/TCC Plan ultimately be the plan that the Court wishes to
17 confirm.

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21 *[Remainder of Page Left Intentionally Blank]*
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27 ³ The Court has repeatedly heard from various creditor groups in these cases, including the Official
28 Committee, of the Debtors' lack of disclosure and refusal to engage on virtually all important matters.
The only lever that appears to have been effective in pressuring the Debtors to attempt to move the plan
process forward has been the ongoing threat of an alternative plan. This simple fact provides further
justification for granting the Motion.

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Dated: October 1, 2019

/s/ Gregory A. Bray
DENNIS F. DUNNE
SAMUEL A. KHALIL
GREGORY A. BRAY
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